

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 EB-07 TRSE-00 AID-05 CIAE-00

INR-07 NSAE-00 /030 W

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R 201912Z MAY 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 107

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E.O. 11652: N/A

TAGS: EGEN

SUBJECT: HONDURAS-SAHSA OPERATIONS

REF: STATE 108496

1. DEPARTMENT'S SOURCE IS NOT HELD IN HIGH ESTEEM WITHIN THE COMPANY WHERE HIS ABRASIVE PERSONALITY HAS CAUSED FRICTION WITH CO-WORKERS. ACCORDINGLY, BEST SOURCE FOR FINANCIAL HEALTH INFORMATION ON SAHSA IS BOEING AIRCRAFT, SEATTLE, WASH., COMMERCIAL AIRCRAFT SALES DIVISION, SINCE THEY HAVE ALL ECONOMIC BACKGROUND DATA WHICH SUPPORTED UEUELOAN. EXIM BANK LIKEWISE KNOWLEDGEABLE.

2. FROM LOCAL SOURCES, FINANCIAL DIFFICULTY IN SAHSA IS EVIDENT. DOMESTIC RUNS ARE NOT PAYING THEIR WAY AND THERE IS TALK OF SEEKING A GOVT. SUBSIDY. ON JUNE 1, A DOMESTIC ROUTE REORGANIZATION WILL DROP SEVERAL NON-PROFITABLE RUNS AND SAHSA WILL ALSO SEEK HIGHER UTILIZATION OF ITS 737 JET. THE INTERNATIONAL OPERATION OF THE 737 EXPECTED TO SHOW AN ANNUAL PROFIT OF \$4 MILLION. IT IS RUNNING ABOUT 20 PERCENT OVER THEIR BREAKEVEN LOAD FACTOR ACCORDING TO BOEING TECH. REP. IN THE MEANTIME, SAHSA HAS SEVERAL EXCESS OLDER AIRCRAFT UP FOR SALE.

3. SAHSA'S FORTUNE MAY BE INFLUENCED BY THAT OF PRINCIPAL STOCKHOLDER FORMER CHIEF OF SO

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TE LOPEZ.

4. IN SUMMARY, THE ABOVE, INDICATES THAT SAHSA'S OBLIGATIONS
CAN BE MET, BUT INCREASED FUEL COSTS AND UNECONOMIC ROUTES
ARE CAUSING PROBLEMS FOR WHICH ADJUSTMENTS ARE REQUIRED.
SEJCHDW

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Message Attributes

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